OERM | Status Report

Establish Office of Enterprise Risk Management

Work Completed	Status
Recruited and Hired Chief Risk Officer Determined Structure of OERM Determined Staffing and Budget Requirements Determined Office Space Needs Determined Initial IT Requirements	Complete

Operationalize Risk Intelligence Activities

Action	Work Completed	Status	Target Date
Conduct Risk Assessments	Organizational Alignment: The OERM conducted an initial risk assessment of the Organizational Alignment Initiative in October 2010. The top risks were identified and owners and mitigation strategies were assigned. These risks will be monitored and updated on an ongoing basis.	Ongoing	---------------
	Stakeholder Relations Risk: A stakeholder relations risk assessment including Board and Executive interviews, surveys of stakeholders, and analysis of historical press releases was completed in June 2011.	Complete	June 2011
	Health Care Reform: The OERM completed a risk assessment of several provisions of Health Care Reform legislation implemented in Fiscal Year 2010-11. Additional assessments will be carried out as regulations are developed.	On Track	November 2011
	Black Swans and Scenario Planning: The OERM has conducted workshops with Executive Staff to identify Black Swan events and their potential impact to CalPERS goals and objectives.	Ongoing	September 2011
	PSR Risk: In July and August 2011, the OERM completed 2 PSR risk assessments in conjunction with IPOC. These assessments outlined known impacts and uncertainties associated with PSR implementation, and were used in steering committee checkpoint meetings.	Complete	August 2011

OERM | Status Report

Action	Work Completed	Status	Target Date
	2011-12 Business Plan Risk: The OERM completed an assessment of the 2011-12 Business Plan, identifying risks mitigated by the plan, risks to completing the objectives, and mitigation strategies in place.	Complete	August 2011
	Other: As further capabilities are developed, additional risk assessments will be conducted.	On Track	October 2011
Inventory Enterprise Risks	Based on best practices research and previous risk assessments, and in conjunction with the Investment Office, Information Security, and Control Functions, the OERM has developed version 1.0 of a comprehensive enterprise risk taxonomy. This inventory was used by senior management in preparing the April risk exposure reports. Moving forward, the OERM will identify owners, metrics, and tolerance for each specific risk.	Complete	September 2011
Develop Enterprise Process Model and Catalog Key Operational Risk Indicators in CalPERS Policies	The OERM has developed a draft Enterprise Process Model to view the distribution of risks across functional areas. This Process Model will be further developed and tied to key metrics and operational risk indicators, including parameters as established in existing CalPERS policies. A prototype Enterprise Process Model will be completed by December 2011.	On Track	December 2011
Convene Enterprise Risk Management Committee	In September 2010, the OERM presented a charter for the Executive Risk Management Committee (ERMC) outlining roles, responsibilities, and risk governance. The first ERMC was convened in November 2010. The committee identified and prioritized the top 10 enterprise risks and mitigation strategies. At further meetings, the ERMC reviewed and approved the risk analysis and reporting processes. Additional ERMC meetings will be held monthly.	Complete	Monthly
Develop Board Reports	The OERM conducted an enterprise risk assessment with input from division chiefs and senior management. Results were reviewed and approved by Executive Staff. A risk dashboard and top risk list were presented at the June 2011 Risk Management Committee meeting.	Complete	June 2011

Implement Change Management Strategies

Action	Work Completed	Status	Target Date
Embed Risk Management into Governance and Workflow	The OERM has developed proposed changes to Board Agenda Items to include the consideration of risk. In addition, work is underway to more fully integrate risk consideration in annual planning and budgeting processes.	On Track	June 2011

OERM | Status Report

Action	Work Completed	Status	Target Date
Develop Risk Awareness Training	The OERM is developing risk training programs for senior managers and all staff. These training programs will educate staff on proper reporting and managing of risk and will promote a risk-intelligent culture. An Executive training session was held in March 2011. 80% of all managers and supervisors will complete risk training by December 2011.	On Track	December 2011
Develop Risk Management Tools	Several tools for risk analysis are currently under development. These include: • Thesis – Antithesis – Synthesis • Failure Mode and Effects Analysis • Root Cause Analysis • SIPOC (Suppliers, Inputs, Process, Outputs, Customers) The OERM is evaluating how to best integrate these tools into current CalPERS processes and risk awareness training programs.	On Track	December 2011
Conduct Change Management Strategy Workshops	As work progresses, the OERM will continue to hold focus groups with senior managers to ensure proposed tools, techniques, and methodologies are appropriate to their needs prior to full-scale implementation.	On Track	September 2011

Determine Synergies with Other Functions

Action	Work Completed	Status	Target Date
Evaluate Inspector General Function	The OERM completed an analysis of the possible benefits and risks of an Inspector General function, and how that function could fit into the CalPERS organizational structure. This analysis was presented and discussed in the November 2010 Board workshop.	Complete	--
Examine Relationship with Audits	As risk assessments and policy development progress, the OERM will continue to work closely with the Office of Audit Services. Work is currently underway on tying the audit of the business plan to risk assessments and coordinating work on the audit resolution policy.	Complete	At least Quarterly
Correlation with Investment Office Risk Management	The OERM continues to hold meeting with the investment office to identify synergies, gaps, and overlaps in services provided. The results of these discussions will be reflected in the outcome of the Organizational Alignment Initiative.	Complete	At least Quarterly
Coordinate Activities with Enterprise Compliance Office, Office of Privacy and Security, Disaster Recovery, and Business Continuity	The OERM is currently looking at the timelines for various enterprise control functions in an effort to synchronize assessments, eliminate duplication, and reduce the workload impact to the enterprise.	Complete	At least Quarterly